EXHIBIT A

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

AMERICAN INTERNATIONAL GROUP, INC., *et al.*,	)	
Plaintiffs,	)	No. 07 CV 2898
vs.	)	District Judge Robert W. Gettleman
ACE INA HOLDINGS, INC., *et al.*,	)	Magistrate Judge Sidney I. Schenkier
Defendants.	)	

SAFECO INSURANCE COMPANY OF AMERICA, *et al.*, individually and on behalf of a class consisting of members of the National Workers Compensation Reinsurance Pool,	)	No. 09 CV 2026
Plaintiffs,	)	District Judge Robert W. Gettleman
vs.	)	Magistrate Judge Sidney I. Schenkier
AMERICAN INTERNATIONAL GROUP, INC., *et al.*,	)	
Defendants.	)	

DECLARATION OF ROWE W. SNIDER

I, Rowe W. Snider, declare upon personal knowledge, the following:

1. Along with several other lawyers in my firm, Locke Lord Bissell & Liddell LLP ("LLBL"), I serve as counsel to the Board of Governors of the National Workers Compensation Reinsurance Pool ("NWCRP"). The NWCRP is a contractual reinsurance mechanism established by the Articles of Agreement, true copies of which are attached to various complaints filed in the above captioned actions. Our firm, and previous to October 2007, one of its

predecessors, Lord, Bissell & Brook LLP, have represented the NWCRP Board of Governors (the "Board") continuously since approximately 1997 as its general counsel. Our firm also provided legal advice to the Board at various times prior to 1997. In general terms more specifically stated in the Articles, the Board is charged with managing NWCRP affairs.

2. Since approximately June 2005, our firm has been providing the Board with legal advice concerning AIG's underreporting of its historical workers compensation premium and its impact upon AIG's participation in the NWCRP. Pursuant to the Board's direction, we engaged in negotiations with AIG on the Board's behalf during the summer of 2005, shortly after the announcement of an investigation by the New York authorities.

3. Our firm continued the negotiations with AIG at various times throughout the fall of 2005 and with increased intensity after the announcement of the AIG settlement with the New York authorities in February of 2006. Pursuant to that settlement, a dedicated settlement fund of approximately $301 million (the "Workers Compensation Fund," or "WCF") was created with the apparent intention to resolve both regulatory fines and penalties and residual market claims. The Board's goal in the discussions with AIG was to determine whether the WCF would provide an adequate and effective remedy to compensate the NWCRP and its Participating Companies for the impact of AIG's underreporting of historical workers compensation premium. Pursuant to a confidentiality agreement that required we return documents in the event of litigation, during 2006 and early 2007 AIG provided us and certain experts engaged by the Board with documents and certain premium and loss information related to the calculation of the WCF. (The materials were returned.) We understood AIG had provided similar kinds of information and documents to various insurance regulators.

4. By the middle of 2006, the Board had determined that the WCF, as structured, was not an adequate or effective remedy for the financial harm that AIG's underreporting had caused the Participating Companies of the NWCRP. The Board authorized counsel to communicate this conclusion to AIG and, thereafter, to the appropriate public authorities, specifically certain state insurance commissioners and attorneys general. Accordingly, I sent identical letters to such authorities in approximately 40 states, an example of which is attached as Exhibit A.

5. The negotiations conducted with AIG during 2006 and early 2007 failed to clarify what reasonable amount of compensation AIG should provide to the other NWCRP Participating Companies to remedy AIG's underreporting. The negotiations also confirmed the structural flaws in the WCF, leaving the Board uncertain as to the amount of money it could recover as a practical matter on behalf of the NWCRP Participating Companies through participation in the WCF. Consequently, on May 24, 2007, pursuant to the authorization of the NWCRP Board of Governors and invoking certain provisions of the Articles of Agreement, the National Council on Compensation Insurance, Inc. ("NCCI"), acting solely as Attorney-in-Fact for the Participating Companies of the NWCRP (other than the AIG companies), filed suit against AIG and certain of its insurance company subsidiaries (No. 07 CV 2898).

6. At various times between February 2006 and December 2007, we were in communication with various state insurance regulatory authorities about the WCF and the possibility of a resolution of the underreporting dispute with AIG. Various state insurance regulators contacted our firm to discuss AIG's underreporting conduct and the WCF, and obtaining the authorization of the NWCRP Board to execute a release on its behalf. Such a joint release was required by the terms of the WCF before any disbursement of funds from the WCF

allocated to any specific state could occur. Further, during this period, certain LLBL attorneys spoke to a committee of insurance regulatory officials at several meetings of the National Association of Insurance Commissioners ("NAIC") about the inadequacy and structural flaws of the WCF, and the desirability of regulatory cooperation in resolving the matter through an appropriate and adequate remedy.

7. By early 2008, David Leslie, an experienced insurance regulatory lawyer with the Rackemann, Sawyer & Brewster firm in Boston, was appointed Examiner-in-Charge ("EIC") by approximately eight state insurance regulators (referred to as the "Lead States") who were coordinating a joint examination of AIG's workers compensation business, including but not limited to AIG's historical workers compensation premium reporting. Insurance regulators in all 50 states and the District of Columbia participated in Mr. Leslie's examination, which became known as the Multistate Targeted Market Conduct Examination of AIG (the "AIG Examination").[1]

8. In 2008, the EIC proposed that he facilitate settlement discussions among AIG, the NWCRP Board, and his own team of experts working on the AIG Examination. Specifically, the EIC encouraged AIG to agree to allow the sharing of confidential AIG information revealed to the EIC and his experts in the course of the AIG Examination about AIG's historical workers compensation premium reporting. The availability of such information through discovery in the litigation was vigorously contested.

9. In early October 2008, the NWCRP Board, AIG, and the EIC entered into a written confidentiality agreement, referred to by the Parties as the "Ground Rules Agreement," to facilitate the discussions promoted by the EIC. The focus of these discussions was to explore

[1] The AIG Examination resulted in the regulatory settlement agreement and examination report announced in late December 2010.

reaching a consensus about AIG's historical workers compensation premium. Among other things, the Ground Rules Agreement precluded lawyers actively involved in the instant litigation from having access to the confidential information disclosed under the Ground Rules Agreement and also excluded those lawyers from participating in the settlement discussions, but allowed full participation of certain other counsel and the parties' respective experts.

10. Pursuant to the Ground Rules Agreement, information and documents were exchanged and there were in-person meetings in January of 2009 and May of 2009 that included certain counsel, party representatives, and various experts. During the May 2009 meeting, the participants for the first time were asked by the EIC to present proposed settlement figures. The respective AIG and NWCRP positions proved to be far apart. The EIC subsequently informed us that he thereafter had further discussions with AIG in which he encouraged AIG to improve its offer.

11. In contemplation of further settlement discussions, on August 11, 2009, the same parties executed a new agreement, entitled "Agreement Regarding Further Multi-Party Discussions" (the "Multi-Party Discussions Agreement"). The parties agreed that litigation counsel for the respective parties would be permitted access to the confidential information exchanged and to participate in the discussions. Further, all information that was originally shared under the original Ground Rules Agreement was provided to participants under the terms of the Multi-Party Discussions Agreement, so that all participants had access to the same information and the full history of the negotiations.

12. Also on August 11, 2009, representatives of the EIC, AIG, and the NWCRP Board met pursuant to the Multi-Party Discussions Agreement. At that time, AIG proposed to resolve all residual market claims regarding its workers compensation underreporting, including

claims not involving the NWCRP, for a significant cash payment and an agreement to assume an expanded share of outstanding residual market liabilities based upon a reallocation of AIG's premium through the proposed settlement. The assumption of a larger share of outstanding claims going forward was not part of the WCF settlement structure, so this aspect of the proposal provided additional value for the benefit of the NWCRP Participating Companies.

13. The Board was in the process of evaluating the August 11, 2009 proposal when the August 20, 2009 ruling was issued that held that the NCCI as Attorney-in-Fact for the NWCRP Participating Companies lacked Article III standing to bring suit. Given this ruling, AIG formally withdrew the August 11, 2009 offer. On behalf of the Board, there were no more formal settlement discussions during the remainder of 2009.

14. In January of 2010, in response to a request from Liberty Mutual ("Liberty"), the Board authorized Liberty, subject to certain conditions and limitations, to act as lead spokesperson for both the NWCRP and Liberty in the settlement negotiations with AIG. Further, the Board authorized NWCRP Board counsel and retained experts to work with Liberty and its experts in preparing a revised damages model for presentation in further settlement negotiations.

15. In a settlement meeting held on April 6, 2010, counsel for Liberty presented the position of Liberty and the NWCRP Board to AIG representatives and the EIC. One member of the NWCRP Board attended the meeting, but NWCRP Board counsel did not. No settlement was reached through this meeting.

16. In early May 2010, the EIC reported that senior executives of Liberty and AIG had a meeting and discussed settlement. No settlement, however, was ever consummated as a result of this meeting.

17. After learning of the meeting of AIG and Liberty senior executives noted above, and its failure, the NWCRP Board chose to become active in the negotiations again. On June 23, 2010, the NWCRP Board decided to allow Liberty's authority to speak on its behalf in the negotiations to expire. During this same general time frame of June and July of 2010, the EIC informed the Board that he was holding further meetings with AIG to encourage AIG to make an enhanced settlement offer.

18. On or about August 2, 2010, the EIC sent LLBL and Liberty a letter reporting on his recent discussions with AIG concerning an appropriate resolution of the dispute. The EIC's letter transmitted a proposal that AIG "make a $450 million cash payment and [. . .] assume an expanded share of outstanding residual market claim liabilities based upon allocation of premiums (estimated to total approximately $43 million)" in order to resolve all residual market claims, including all the present litigation. A proposed term sheet was enclosed.

19. On August 26, 2010, various representatives of the NWCRP Board, myself and other Board counsel, Board litigation counsel (from Schiff Hardin LLP); various AIG representatives, including their litigation counsel and their corporate general counsel; Liberty's in-house counsel; one of the lead litigation counsel for Safeco/Ohio Casualty; and the EIC attended a meeting held for the interested parties to discuss the August 2, 2010 proposal. The parties discussed various aspects of the proposed term sheet and how it might be presented to the Court as a proposed class settlement. No agreement was reached at this meeting.

20. On September 15, 2010, the Board held its regular quarterly meeting and considered AIG's August 2, 2010 proposal and the recommendations submitted to the Board by its Settlement Committee. Among other information, the Board considered a report on the litigation provided by counsel for Ohio Casualty/Safeco about the case progress, including a

summary of the information that they had developed in discovery. At that time, the Board adopted resolutions authorizing its Settlement Committee to (a) continue negotiations with AIG and the EIC concerning the August 2, 2010 proposal, (b) continue such negotiations in conjunction with Liberty provided the Committee remained satisfied that Liberty was committed to pursuing a mutually beneficial strategy, and (c) pursue a settlement proposal under which, subject to court approval, notice and opt out rights, the net recovery to Participating Companies after deducting all administrative and legal costs would be not less than $422 Million, and the non-monetary terms and conditions would be acceptable to the Board.

21. Thereafter, the Board's Settlement Committee worked with Liberty to prepare and submit to AIG a revised proposal, which increased the amount of the proposed cash payment to be made by AIG with respect to the class claims and for Liberty's own non-class claims asserted in Case No. 07 CV 2898. AIG rejected this counterproposal and, in particular, declined to offer to pay anything more than the cash payment stated in the August 2, 2010 proposal. After some additional but unsuccessful attempts to convince AIG to increase its cash payment, the Settlement Committee and the Board terminated the cooperative negotiations in conjunction with Liberty, as confirmed to Liberty's counsel on November 22, 2010.

22. During the general timeframe of late October and early to mid-November 2010, several members of the Board indicated a willingness to attempt to complete negotiations with AIG and intervene in the class action case to present a proposed class settlement to the Court for approval. On November 18, 2010, the Board determined it would support the filing of a joint intervention motion by seven Board members seeking this Court's approval of a settlement that would result in the NWCRP Participating Companies receiving at least $450 million less the amount AIG pays to Participating Companies in the New Mexico Workers Compensation

Assigned Risk Plan, and reasonable class attorney fees and/or incentive payments approved by the Court. The Board conditioned its support on the Board's final approval of any term sheet and proposed settlement agreement filed with the Court. The Board's decision to support intervention was communicated to Liberty's counsel on November 22, 2010.

23 On January 6, 2011, the Board held a special meeting in which it received, among other information, a report from Settlement Class counsel concerning his negotiations with AIG about the terms of the proposed settlement. The Board also reviewed the Term Sheet in the form in which it was executed, as well as a memorandum about it from Settlement Class Counsel. The Board resolved to continue to support the proposed settlement, and approved the Term Sheet as executed and submitted to the Court.

24. On January 27, 2011, the Board held a special meeting in which it was presented a report on the proposed Settlement Agreement by Settlement Class counsel and resolved to approve the Settlement Agreement as consistent with and fulfilling the Board's goal of reaching a fair and comprehensive settlement between the NWCRP Participating Companies and AIG.

Under penalties as provided by law pursuant to 28 U.S.C. §1746, I declare that the foregoing statements of fact are true and correct to the best of my knowledge and belief.

Rowe W. Snider

ROWE W. SNIDER

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August 30, 2006

Rowe W. Snider

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VIA FEDERAL EXPRESS:

The Honorable Kevin M. McCarty
Insurance Commissioner
Office of Insurance Regulation
200 East Gaines Street, Room 101A
Tallahassee, FL 32399

The Honorable Charlie Crist
Attorney General
The Capitol
PL 01
Tallahassee, FL 32399-1050

Re: The National Workers Compensation Reinsurance Pool and the Settlement Between American International Group, Inc. and both the New York Attorney General and the New York Superintendent of Insurance

Dear Commissioner McCarty and Attorney General Crist:

This is a follow up to my letter of February 24, 2006 in which I informed you on behalf of the National Workers Compensation Reinsurance Pool ("NWCRP") that the NWCRP Board of Governors was in the process of reviewing the impact on the NWCRP's participating companies of the settlement agreements announced on February 9, 2006 between American International Group, Inc. ("AIG"), the New York Attorney General and the Department of Insurance for the State of New York ("NY Settlement Agreement"). The NY Settlement Agreement establishes a $301,000,000 fund ("Workers Comp Fund") for the potential resolution of claims asserted by state regulators other than New York and workers compensation residual market mechanisms against AIG. A copy of my February 24, 2006 letter is attached.

Over the past several months, the Board of Governors has had numerous discussions with AIG representatives and has carefully analyzed the Workers Comp Fund's structure. Based upon this analysis, the Board of Governors for the following reasons has concluded that the Workers Comp Fund as presently structured will not be an adequate or effective remedy for the financial harm AIG's premium underreporting caused to the NWCRP's participating companies.

The Board of Governors is seeking to consummate a complete and final resolution with AIG concerning premium reporting issues. The Workers Comp Fund only addresses the period from 1985-1996. The Board has not been able to obtain an explanation of why the Workers Comp Fund is limited to this period. Additionally, the Workers Comp Fund apparently does not include any settlement proceeds attributable to certain assumed reinsurance reporting practices despite the fact that the New York Attorney General's lawsuit incorporated the memorandum of a former AIG General Counsel identifying this practice as a means whereby AIG underreported its workers compensation premium. Finally, we have not been able to obtain an explanation of why the Workers Comp Fund does not address underreporting associated with large deductible policies.

Furthermore, the structure of the Workers Comp Fund is fundamentally flawed. As explained in our February 24, 2006 letter, the structure requires that both authorities in each state and all residual market mechanism claimants in that state, together, release claims arising from AIG's premium underreporting in that state. The release is to be exchanged for disbursement to the state of the allocated settlement proceeds in the Workers Comp Fund. This structure thus requires these competing claimants -- the state regulators and the NWCRP participating companies, along with any other claimants in a particular state such as second injury funds -- to be pitted against each other in valuing their respective claims against the Workers Comp Fund, while AIG's exposure is limited to the Workers Comp Fund's allocation for the given state. Because the proceeds in the Workers Comp Fund must be paid out to the individual states, the NWCRP participating companies will only receive a benefit if state authorities in each state both (i) recognize the NWCRP's claims, and (ii) release their own respective claims against AIG, including claims for penalties and underpayment of premium taxes, along with any claims of other claimants covered by the release.

The Workers Comp Fund structure thus places the NWCRP in the untenable position of advocating that the various states release their claims against AIG for little or nothing, in order for the NWCRP participating companies to receive an appropriate share of the given state's allocated settlement proceeds. The NWCRP is neither the appropriate party to act as an advocate for AIG, nor in a position to make the remedy dependent on the success of efforts to do so.

As a final point, it is evident that state authorities have the right to independently determine whether any further sanctions should be imposed on AIG. These regulatory recoveries should not come from a fund that AIG has acknowledged was primarily intended to benefit the NWCRP participating companies. We thus believe the structure of the Workers Comp Fund is as unfair to the states as it is to private parties harmed by AIG's conduct.

For these and other reasons, the Board of Governors believes that the participating companies of the NWCRP will not be fairly and adequately compensated by participating in the Workers Comp Fund. The uncertainty over the identities and interests of the appropriate claimants in the forty states where the NWCRP operated a residual market mechanism between 1985 and 1996, along with the large number of parties that must reach consensus before settlement proceeds could be distributed, together render the Workers Comp Fund impractical and unworkable.

In my February 24, 2006 letter, I advised that the Board of Governors had not authorized any state Attorney General or state Insurance Commissioner to execute a release on its behalf. For the reasons discussed above, the Board of Governors will not be authorizing any state Attorney General or state Insurance Commissioner to execute a release on its behalf. The Board of Governors has informed AIG of this decision.

The Board of Governors is continuing to review documents received from AIG, engage AIG in discussions, and perform its other due diligence obligations. The Board intends to do everything within its power to reach an amicable and acceptable settlement with AIG. The NWCRP

LORD BISSELL BROOK LLP
ATTORNEYS AT LAW

is expending a great deal of resources to accomplish a result which will fairly compensate the NWCRP's participating companies.

The NWCRP plans to have representatives attending the NAIC WC Task Force Settlement Review Working Group meeting on September 10, 2006 at the upcoming NAIC meeting in St. Louis. Jim Nau, of NCCI, Inc., and my partner, Thomas Jenkins, will be available to discuss the points in this letter. If you have any questions to discuss with me in advance, I would be more than happy to discuss them with you. You can contact me at 312-443-0667.

Very truly yours,

Rowe W. Snider

Rowe W. Snider

RWS/smk

cc: Craig Nodtvedt, Chair of the Board of Governors, NWCRP
Members of the Board of Governors, NWCRP
James Nau, General Manager-Residual Market Division, NCCI
Clifford G. Merritt, Pool Administrator, NCCI
Thomas W. Jenkins
Patrick S. Coffey
Matthew T. Furton

EXHIBIT B

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

AMERICAN INTERNATIONAL GROUP, INC., et al.,	)	
Plaintiffs,	)	No. 07 CV 2898
vs.	)	District Judge Robert W. Gettleman
ACE INA HOLDINGS, INC., et al.,	)	Magistrate Judge Sidney I. Schenkier
Defendants.	)	

SAFECO INSURANCE COMPANY OF AMERICA, et al., individually and on behalf of a class consisting of members of the National Workers Compensation Reinsurance Pool,	)	No. 09 CV 2026
Plaintiffs,	)	District Judge Robert W. Gettleman
vs.	)	Magistrate Judge Sidney I. Schenkier
AMERICAN INTERNATIONAL GROUP, INC., et al.,	)	
Defendants.	)	

DECLARATION OF FREDERIC R. KLEIN

I, Frederic R. Klein, declare and state as follows:

1. I am a 1980 graduate of the University of Michigan Law School. I have been a member in good standing to practice before the courts of the State of Illinois since I was admitted to the bar by the Supreme Court of Illinois in 1980. I am also admitted to practice before the United States Supreme Court, the United States Court of Appeals for the Seventh Circuit, the United States Court of Appeals for the Ninth Circuit, the United States Court of Appeals for the Federal Circuit, and the United States District Court for the Northern District of Illinois. In 1982 and 1983, I served as a law clerk to the Honorable William T. Hart of the United States District

Court for the Northern District of Illinois. I have personal knowledge of the matters set forth herein and could and would testify competently thereto if called as a witness in this matter.

2. Over the course of my professional career, I have worked on approximately 40 class action cases involving issues arising in many different industries, including telecommunications, banking, and insurance. Most of these cases have been filed in the United States District Court for the Northern District of Illinois or the Circuit Court of Cook County, but a substantial number have been in other District Courts and other state courts in Illinois, and in various courts around the country. All of my class action cases, until this one, have involved my representation of corporate defendants. (My law firm, Goldberg Kohn Ltd., has handled on a pro bono basis and won one of the most significant plaintiffs' class action public interest cases in the Northern District of Illinois, Memisovski v. Maram, 2004 WL 1878332 (N.D. Ill. Aug. 23, 2004).) Many of my cases have been nationwide class actions, while some have been one-state only cases or multiple state-class cases. Probably the highest exposure to the clients I have represented in these 40 or so cases has been approximately $2 billion.

3. On or about November 1, 2010, I was asked to consider whether my firm and I could represent a group of insurance companies who wanted to explore the possibility of intervening in a pending case to pursue a settlement, on a classwide basis, with American International Group, Inc., and many of its subsidiaries and affiliates ("AIG"). After we performed a conflict screen, we entered into engagement letters with seven insurance companies who have been called collectively the "Intervenors" and the "Settlement Class Representatives".

4. The typical compensation model for plaintiffs' class action lawyers is to take on matters on a full or partial contingency. Here, however, that is not the case for us. My firm is being compensated on an hourly basis at our usual rates, and we will not receive a percentage of the class fund if the settlement is approved. I have asked and our clients have agreed to consider a

relatively small premium payment at the end of the matter (we did not bill for the first two weeks of our work), but this is not mandatory and will be entirely within their discretion. The financial burden on the class could be significantly impacted as a result of the compensation agreement with counsel, particularly if other counsel's agreement is a full or partial contingency arrangement.

5. Between November 1, 2010 and January 27, 2011, lawyers at my firm have worked, on a collective basis, approximately 900 hours on this matter: (a) reading pleadings and other documents; (b) meeting with various client representatives; (c) participating in numerous phone calls with client representatives and other counsel involved in the case; (d) researching applicable law; (e) drafting correspondence and court pleadings; (f) attending court; and (g) participating in extensive meetings with interested parties and entities, including the following:

(a) On December 17, 2010, Kerry Nelson of my firm and I, along with lawyers from the Locke Lord Bissell & Liddell firm ("Locke Lord"), had an all day meeting in Boston with David Leslie, one of Mr. Leslie's partners, and Matt Merlino, who has served as a consultant and expert for Mr. Leslie in his capacity as the "Examiner-in-Charge" appointed by the "Lead States" to conduct the AIG Multistate Examination.

(b) On December 20, 2010, Ms. Nelson and I met with approximately 25 lawyers and certain non-lawyers at the offices of Grippo & Elden to listen to an all-day presentation by lawyers from Grippo & Elden, Butler Rubin, and Nutter McClennen concerning the views of liability, damages, and settlement of the so-called "Liberty Companies", which include the Liberty Mutual Insurance Group and two of its subsidiaries, Safeco Insurance Company of America and Ohio Casualty Insurance Company. Counsel for the Liberty Companies displayed for all of us there -- including individual counsel for a number of the then-potential Settlement Class Representatives, counsel for the NWCRP, counsel for some of the so-called "Board Defendants", and at least one businessperson for one of the then-potential Settlement Class Representatives -- approximately 97 slides. Within a day or two of that meeting, I asked Mr. Gary Elden, who had led the December 20, 2010 presentation, for copies of those slides so that we could study them more closely, and after we agreed to certain conditions, Mr. Elden supplied those slides to some seven of us for our closer study and analysis.

(c) On January 3, 2011, Ms. Nelson and I met with approximately 25 lawyers and certain non-lawyers at the offices of Locke Lord to listen to an all-day presentation by AIG lawyers, businesspeople, and experts about their views of the liability, damages, and settlement issues pertaining to this case. All seven

of the Settlement Class Representatives were represented that day, and five of them had businesspeople in attendance in addition to, or sometimes in lieu of, their legal counsel. AIG's counsel and other representatives passed out a number of slides which analyzed the issues in the case, made oral presentations, took questions, and discussed AIG's views about the litigation and settlement.

6. In addition to the three day-long meetings noted above, I have been on numerous conference calls and in other meetings since November 1, 2010 about this case with an enormous number of lawyers and businesspeople whose companies have been involved.

7. Based on the work my firm and I have done since November 1, 2010, including the review of a tremendous volume of material, and meetings and telephone calls with a large number of people -- and based on my experience as a commercial litigator for 30 years who also has litigated approximately 40 class action cases -- I have come to the firm conclusion that the settlement reflected in the Settlement Term Sheet dated January 5, 2011 between AIG and the Settlement Class Representatives (which I executed on behalf of my clients after receiving approval to do so), and the Settlement Agreement itself dated January 28, 2011, is a fair and reasonable compromise of these complex and disputed claims between the Settlement Class Representatives, the class they wish to represent, and AIG. Further, I have come to the firm conclusion that this settlement is in the public interest because of the positive impact the settlement is likely to have on the relationships between hundreds of workers compensation insurers and the regulatory bodies in virtually every state, and also because of the stability this will bring to the NWCRP, usually called the "National Pool."

8. My conclusion is not that the settlement between AIG and the Settlement Class Representatives is "perfect" (as though that was an achievable goal in any litigation), or that it would be a replication of the result which would be reached if the litigation continued through the end of the case years from now, because short of decisions on class certification and summary judgment, a jury verdict, post-trial motions, final judgment, and appeal, it is impossible to achieve

that. Instead, I believe that the Settlement Agreement executed by the Settlement Class Representatives and AIG (and certain other parties) represents a compromise that is fair and reasonable, and that all parties who receive notice will be able to make independent decisions about whether to join the settlement, object, or opt-out.

Under penalties as provided by law pursuant to 28 U.S.C. § 1746, I declare that the foregoing is true and correct.

Frederic R. Klein

Dated: January 28, 2011